Date: April 15, 2021

Date Filed: March 15, 2021 Statutory End Date: April 29, 2021

Utility: Alaska Electric Light & Power Company

Description: Quarterly COPA and SFPPR Update

Synopsis of Filing:

File No.

Alaska Electric Light & Power Company submits its quarterly Cost of Power Adjustment and Small Facility Power Purchase Rate update for the period beginning April 1, 2021.

Tariff Recommendation:

TA496-1

The Commission should approve Tariff Sheet Nos. 131, 169, and 170, filed March 15, 2021, by Alaska Electric Light & Power Company with TA496-1, as shown on the attached side-by-side tariff sheets (Appendix 1). The effective date of the tariff sheets should be April 1, 2021.

Reason(s)	for the above-indicate	ed recommendati	on: See attached	d memorandum.			
Signed:	Steven Jones Steven Jones						
Commissio	on decision regarding thi	s recommendation	ո:				
	Date (if different from 4/15/2021)	<u>I CONCUR</u>	I DO NOT CONCUR	I WILL WRITE A DISSENTING STATEMENT*			
Pickett		RMP KKII					
Kurber							
Scott		AGS AGS					
Sullivan		DS DS					
Wilson		<u>Juw</u>					

^{*} If this column is initialed, Staff will contact the Commissioner for the statement; otherwise, the dissent will simply be noted at the close of the By Direction letter or order.

STATE OF ALASKA The Regulatory Commission of Alaska

701 West 8th Ave., Suite 300 Anchorage, Alaska 99501-3469

MEMORANDUM

Date: April 15, 2021

To: Robert M. Pickett, Chairman Keith Kurber II Antony Scott Daniel A. Sullivan Janis W. Wilson

From: Steven Jones, Utility Tariff Analyst

Subject: TA496-1, Alaska Electric Light & Power Company

Quarterly COPA and SFPPR Update

STATEMENT OF CASE

Alaska Electric Light & Power Company (AEL&P) submits its quarterly Cost of Power Adjustment (COPA) and Small Facility Power Purchase Rate (SFPPR) update for the period beginning April 1, 2021.

RECOMMENDATION

The Commission should approve Tariff Sheet Nos. 131, 169, and 170, filed March 15, 2021, by AEL&P with TA496-1, as shown on the attached side-by-side tariff sheets (Appendix 1). The effective date of the tariff sheets should be April 1, 2021.

BACKGROUND

AEL&P is a privately held electric utility supplying electric energy to the City and Borough of Juneau, Alaska. The majority of AEL&P's energy is purchased from the Snettisham hydroelectric generation facility through a purchase power agreement with the Alaska Industrial Development and Export Authority. AEL&P credits its COPA balancing account for interruptible sales to Princess Cruise Line, Inc. (Princess), true-up of revenues for Hecla Greens Creek Mining Company (Greens Creek), and for excess margins on interruptible sales.

AEL&P now submits its quarterly COPA and SFPPR update for the period beginning March 1, 2021. In accordance with historic Commission practice, a publication notice was not issued for TA496-1.³

http://www.aidea.org/Programs/InfrastructureDevelopment/SnettishamHydroelectricProject.aspx

¹ The Snettisham Hydroelectric Project provides approximately 80% of the Juneau-Douglas area electrical energy. See State of Alaska, (2011). Retrieved from

² See AEL&P Tariff Sheet No. 168, effective November 15, 2017, at 2, 3, 6, and 7.

³ One reason the Commission forgoes publication notice for COPA filings is 3 AAC 52.504(d) which states "[f]or a COPA filing under (b) of this section, an electric utility is not required to give public notice under AS 42.05.411..." This

ANALYSIS

COPA Surcharge Decrease (Tariff Sheet Nos. 169 and 170)

The Commission evaluates proposed revisions to the COPA surcharge under 3 AAC 52.504, which requires each proposed COPA revision to include information supporting entries in the COPA balancing account for the historical period, and support for projections for the future period.⁴

The calculation of AEL&P's COPA consists of three parts. The first part includes a three-month estimate of kWh sales and power costs. AEL&P submitted supporting documentation for the period of April through June 2021. The second part includes a three-month estimate of Princess interruptible sales,⁵ true-up of sales for Greens Creek,⁶ and excess margins on interruptible sales.⁷ The final part includes documentation for the actual balancing account entries for December 2020 through February 2021 and AEL&P's estimated balancing account at March 31, 2021.⁸ AEL&P provided actual usage, generation, cost, and sales data for the period of December 2020 through February 2021, including invoices and spreadsheets supporting the balancing account entries.

AEL&P proposes a COPA surcharge of \$0.005725/kWh, which is a decrease of \$0.000531/kWh from the currently approved COPA surcharge of \$0.006256/kWh. Table

allows a utility to implement a COPA upon filing, rather than waiting the 45 days specified in AS 42.05.411 to ensure adequate notice to the public of a tariff revision.

⁴ See 3 AAC 52.504(g), *Filing Requirements for Electric Utilities*. This support includes invoices, records, reports, calculations, contracts and any other information the Commission and Staff consider necessary to explain the proposed COPA calculation.

⁵ See Letter Order No. L0100520, issued May 30, 2001. The Commission approved a special contract between AEL&P and Princess Cruise Lines (Princess) for interruptible power. At the same time the Commission approved a revision to AEL&P's COPA methodology allowing the company to return all of the revenues received through the sale of electricity to Princess under the special contract to its firm customers. Also see Letter Order No. L1600147, issued March 29, 2016. The Commission approved an extension of the special contract between AEL&P and Princess. See Letter Order No. L1600335, issued July 8, 2016, updating the formula for Lake Dorothy energy.

⁶ See Order No. U-10-029(15), issued September 2, 2011, at pp 28-30. In months when sales to Greens Creek do not equal the monthly revenue of \$554,480, firm ratepayers will make up the difference, while in months when sales to Greens Creek exceed \$554,480, firm ratepayers will enjoy a reduction in rates. See Order No. U-16-086(1), issued October 31, 2016, at page 9. That order approved increasing the retained revenue amount to \$9,569,673 per year, or \$797,473 per month. See Order U-16-086(6), issued November 15, 2017, at the page 4 of the appendix. The Commission accepted a stipulation that reduced the retained revenue amount from \$9,569,673 to \$8,715,173 per year or from \$797,473 to \$726,264 per month. See Letter Order No. L1600145, issued March 29, 2016. The Commission approved Amendment No. 1 to the special contract with Greens Creek to incorporate a credit entry to the COPA equal to the total number of kWhs of interruptible diesel energy sold to Greens Creek multiplied by the energy charge for that service.

⁷ AEL&P makes excess non-firm hydroelectric energy from Snettisham available to customers at a price competitive with No. 2 fuel oil generation. See AEL&P Tariff Sheet Nos. 122-127 (schedule 25) and 142-148 (schedule 95). Under AEL&P's current COPA methodology, AEL&P calculates margins in excess of the allowed gross operating margins and credits any excess margins to the cost of power balancing account. See AEL&P Tariff Sheet No. 168, effective November 15, 2017.

⁸ See Order No. U-83-088(1). Effective November 1, 1983, AEL&P began using a COPA rather than a Fuel Cost Rate Adjustment.

1 shows the effect of the proposed COPA surcharge on a sample average residential customer billing for 850 kWh of usage.9

TABLE 1

			Current		Proposed	Change					
Line Description			Rates		Rates	from					
1	COPA Surcharge (\$/kWh)	\$	\$ 0.006256		\$ 0.006256 \$ 0.005725		\$ 0.005725		\$ 0.005725 \$(0.00		.000531)
2	850 KWH CUSTOMER BILL										
3	Customer Charge	\$	8.60	\$	8.60	\$	-				
4	Energy Charge \$0.1157/kWh	\$	98.35	\$	98.35	\$	-				
5	COPA	\$	5.32	\$	4.87	\$	(0.45)				
6	RCC @ \$0.000654/kWh	\$	0.56	\$	0.56	\$					
7	Total Customer Bill	\$	112.82	\$	112.37	\$	(0.45)				

Factors that may affect the calculation of AEL&P's COPA surcharge include the previous period's balancing account balance, generation efficiency, projected diesel fuel costs, variances in the sales to Princess, revenue true-up for Greens Creek, and excess margins on sales to interruptible dual fuel customers. Changes in these factors frequently offset each other. Any factor that increases the average cost per kWh sold will put upward pressure on the COPA surcharge and any factor that decreases the average cost per kWh sold will put downward pressure on the COPA surcharge. The proposed decrease in AEL&P's COPA is driven primarily by:

- (1) An increase in projected fuel costs. The projected fuel costs increased from \$64,745 to \$103,251.¹⁰ The projected cost of fuel per unit decreased from \$2.4660 per gallon to \$2.2720 per gallon and the projected quantity of fuel increased from 26,255 gallons to 45,445 gallons.¹¹ The overall effect is an increase in projected fuel costs, which places upward pressure on the COPA surcharge.
- (2) A decrease in the estimated balancing account balance. The estimated balancing account balance decreased from \$603,882 to \$371,878. The decrease in the estimated balancing account balance is due to a decrease in the actual balancing account and an increase in surcharge revenue. This decrease in the estimated balancing account balance places downward pressure on the COPA surcharge.

⁹ AEL&P currently has 17,435 customers that will be impacted by the change in the COPA. See tariff advice letter for TA496-1, at page 1.

¹⁰ See Appendix 1, AEL&P Tariff Sheet No. 169, at (e)(1).

¹¹ Ibid.

¹² See Appendix 1, AEL&P Tariff Sheet No. 170, at 5.

¹³ Ibid.

- (3) A decrease in projected kWh sales. The projected kWh sales decreased from 98,385,584 kWh to 74,983,499 kWh.¹⁴ This decrease results in the projected costs being spread over a smaller number of kWh, placing upward pressure on the COPA surcharge.
- (4) No change in the revenue from forecasted interruptible sales to Princess. The forecasted interruptible sales revenue remained at \$0.15
- (5) A decrease in forecasted excess margins from interruptible sales. The margins from interruptible sales decreased from \$53,085 to \$45,826.¹⁶ This decrease results in less revenues being collected from interruptible sales, which places upward pressure on the COPA surcharge.

The increase in projected fuel costs, decrease in forecasted excess margins from interruptible sales, and decrease in projected kWh sales place upward pressure on the COPA surcharge; this is offset by the downward pressure from the decrease in the estimated balancing account balance. The overall effect is a decrease to AEL&P's COPA surcharge.

The revisions proposed in TA496-1 did not include a change in methodology or new cost element, and as such, AEL&P implemented the proposed surcharge on April 1, 2021, in accordance with 3 AAC 52.504(b).¹⁷ Staff has reviewed all information and calculations filed in support of TA496-1, and verified that AEL&P provided all required information. Staff confirmed that the proposed surcharge was calculated accurately using AEL&P's approved methodology, and the tariff sheets are correct.¹⁸ Therefore, Staff recommends the Commission approve Tariff Sheet Nos. 169 and 170.

SFPPR Increase (Tariff Sheet No. 131)

AEL&P's tariff provides that its SFPPR rate is calculated by dividing the cost of diesel fuel consumed during the previous three months by the kilowatt hours produced by diesel generation in the same previous three months. This rate is effective when AEL&P is using diesel fuel to generate electricity.¹⁹

AEL&P proposes an SFPPR of \$0.2954/kWh, which is an increase from the currently approved SFPPR of \$0.2807/kWh. Staff has verified the proposed SFPPR was calculated accurately, using AEL&P's approved methodology, and that the tariff sheet is correct. Therefore, Staff recommends the Commission approve Tariff Sheet No. 131.

¹⁴ See Appendix 1, AEL&P Tariff Sheet No. 170, at 7.

¹⁵ See Appendix 1, AEL&P Tariff Sheet No. 169 at (e)2.

¹⁶ See Appendix 1, AEL&P Tariff Sheet No. 169, at (e)3.

¹⁷ 3 AAC 52.504(b) states that an electric utility may implement a COPA filing that does not include a new methodology or cost element immediately upon filing with the Commission, although the COPA filing is subject to subsequent review, adjustment, and approval by the Commission.

¹⁸ Side-by-side tariff sheets are attached as Appendix 1.

¹⁹ See Appendix 1, Tariff Sheet No. 131.

CONCLUSION

With TA496-1, AEL&P requests approval of its revised COPA and SFPPR for the period beginning April 1, 2021. Staff has verified the proposed surcharge and rate were calculated accurately using AEL&P's approved methodology, the proper support was filed, and the tariff sheets are correct. Therefore, Staff recommends the Commission approve Tariff Sheet Nos. 131, 169, and 170, filed March 15, 2021, by AEL&P with TA496-1. The effective date of the tariff sheets should be April 1, 2021.

Signature: (West M Purel)

Email: bob.pickett@alaska.gov

Signature: Keith Kurber //
Keith Kurber II (Apr 15, 2021 09:29 AKDT)

Email: keith.kurber@alaska.gov

Signature:

Email: antony.scott@alaska.gov

Signature: Daniel Sullivan
Daniel Sullivan (Apr 15, 2021 10:33 AKDT)

Email: daniel.sullivan@alaska.gov

Signature:

Email: janis.wilson@alaska.gov

RCA No. 1		88th	Sheet No.	131	RECEIVED		
	Canceling				DEC 15 2020		
		87th	Sheet No.	131	STATE OF ALASKA REGULATORY COMMISSION OF A	ALASKA	
	Alaska Electric	: Light and Power (Company		Regulatory Commission of Alaska		
		Sched ase of Energy f design capacit					
	le to: Quali W or less.	fying power prod	duction fac	ilities v	with a design capacity		
Alaska E	lectric Ligh		mpany (AELP) will a	cost of energy which void by virtue of its or less.		
from AEL	P-owned hydr		nd the Snet	tisham h	that energy available ydroelectric facility requirements.		
	oided = ergy Cost		l Cost of f Snettisham		gy per kilowatt-hour		
	oided = ergy Cost	\$0.0 per k	ilowatt-hou	ır			
Ra	te A =	\$0.0 per k	ilowatt-hou	ır			
effectiv diesel g	e when AELP eneration fo	is using diesel	l fuel to g nd testing	enerate purposes	this rate shall be electricity. However, of two hours or less		
			previou	ıs 3 mont	sumed during hs		
	oided = ergy Cost	Kilov	watt-hours neration -	produced	by diesel		
	roided =		\$97,	595.08		I	
AV	oided =	====	347	7,728		I	
Ra	te B	=	\$0.2807 p	er kilow	att-hour	I	
	tes will be nt filings.	adjusted in co	onjunction	with qua	erterly Cost of Power		
			Effec	ctive Jar	nuary 1, 2021	_	
Tariff Advi	Tariff Advice No. 492-1						
Issued by		_ Alaska El	ectric Light a	nd Power (Company		

Chief Financial Officer

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Ca	nceling 88th	Sheet No.	131	MAR 15 2021			
				RCA			
Alaska	Electric Light and	Power Company	Regulatory of Alaska	y Commission			
		Schedule No. 44 ergy from a Quali: apacity of 100 ki					
Applicable to: of 100 KW or 1		er production faci	lities with a des	ign capacity			
Alaska Electri	c Light and Pow	below are based er Company (AELP) ng facilities of	will avoid by v				
from AELP-owne	ed hydro generat	effective at all ors and the Snett P customers' firm	isham hydroelect	ric facility			
Avoided Energy C		emental Cost of fi from Snettisham	rm energy per ki	lowatt-hour			
Avoided Energy C		per kilowatt-hour					
Rate A	= \$0.0	per kilowatt-hour					
effective when diesel generat	AELP is using ion for mainten	n of exceptions diesel fuel to ge ance and testing p ate to become eff	nerate electrici ourposes of two h	ty. However,			
Avoided	_	previous	uel consumed dur 3 months	<u> </u>			
Energy C	= Cost	Kilowatt-hours p		:1			
Avoided	=	\$18,8	48.17	R			
Avoided	=	63,7	99	R			
Rate B	=	\$0.2954per	kilowatt-hour	I			
These rates was Adjustment fil		in conjunction w	ith quarterly Co	ost of Power			
EffectiveApril 1, 2021							
Tariff Advice No.	496-1						

Alaska Electric Light and Power Company

Title

Issued by

By Smooth

Appendix 1 TA496-1 Page 1 of 3

Chief Financial Officer

WARIFF SECTION

RCA	No. 1	87th	Sheet No.	169		RECEIVED)
	Canceling					DEC 15 2020	
	_	86th	Sheet No.	169	REGULA	STATE OF ALASKA STORY COMMISSION OF	ALASKA
	Alaska Electri	c Light and Pow	er Company		Regulato of Alaska	ory Commission a	
1	D. 1.1		. 98 (continue	ed)			
d.	Revision of Co	ost of Power	Adjustment				
	calendar quar the Determinareflect the character and to in (c.). The	ter, the uti tion of Cost hange in the a reflect other filing shall Regulatory Co	e month precedity will, by of Power Adju average fuel coer approved crill include sucommission const	tariff ustment ost for f edits or ch suppor	advice l detailed the ensu debits rting da	letter, file in (e.) to ing calendar as set forth ta and work	
	billings subs review and ad	equent to the justment by to with the be	Power Adjustme he revision d he Regulatory ginning of the	ate, sub Commissi	oject to lon. Re	subsequent vision dates	
e.	Determination	of the Cost	of Power Adjus	stment:			
	(1) Current	cost of fuel	:				
	Energy Source		Estimated Purchases		ost per nit (B)		
	Diesel Fuel		26,255 gal 272,000 kwh		4660	\$ 64,745	R RRI
	Total cost of	fuel				\$ 64,745	R
	(January Kilow X Kwh	1, 2021 - Ma watt hour sal h rate		.8454_ \$	0	es (\$ 0)	T - -
	(January		ins on Interru rch 31, 2021)		ales	(\$ 53,085)	T I
			Effec	ctive	anuary 1	, 2021	
Tariff	Advice No. 492-1	<u>L</u>					
Issued	by	Alask	a Electric Light an	nd Power C	Company		
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RCA No. 1 88th Sheet No. 169	

Regulatory Commission of Alaska

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	Sch	edule	No.	98	(continued)
-					

- d. Revision of Cost of Power Adjustment
 - (1) By the 15th of the month preceding the beginning of each calendar quarter, the utility will, by tariff advice letter, file the Determination of Cost of Power Adjustment detailed in (e.) to reflect the change in the average fuel cost for the ensuing calendar quarter and to reflect other approved credits or debits as set forth in (c.). The filing shall include such supporting data and work papers as the Regulatory Commission considers appropriate to support the computation.
 - (2) The revised Cost of Power Adjustment will be effective for all billings subsequent to the revision date, subject to subsequent review and adjustment by the Regulatory Commission. Revision dates will coincide with the beginning of the monthly billing cycle for each calendar quarter.

Estimated

- e. Determination of the Cost of Power Adjustment:
 - (1) Current cost of fuel:

Energy

Source	Purchases	Unit (B)	(A x B)	
Diesel Fuel	45,445 gal 530,000 kwh	\$2.2720	\$ 103,251	I IRI
Total cost of fuel			\$103,251	I
(2) Forecasted Princess Cr (April 1, 2021 - June Kilowatt hour sale X Kwh rate Estimated 0% Power	30, 2021) s: 0 \$ 0.118454	<u> </u> \$ 0	es (\$ 0)	т _
(3) Forecasted Excess Margi (April 1, 2021 - June Estimated Amount		le Sales	(\$ 45,836)	T

Effective	April	1	2021
Effective	Abtit	±,	Z U Z I

Cost per

Total

Tariff Advice No. 496-1

Issued by		Alaska Electric Light	and Power Company	
	By Sandon	Title	Chief Financial Officer	

Appendix 1 TA496-1 Page 2 of 3

RCA N	No. 1	86th	Sheet No.	170		RECEIVED	
		Canceling				DEC 15 2020	
		85th	Sheet No.	170	REGULA	STATE OF ALASKA STORY COMMISSION OF A	LASKA
	A	aska Electric Light and Power Com	pany		Regulate of Alask	ory Commission	
		Schedule No. 98	(Cont	inued)	1 0	-	
	(4)	True-up of Greens Creek Revenu September 1, 2020 - November 1		ce for the	period		T
		Included in Balance as of Nove	ember 30,	2020, in	item (5	5) below	Т
	(5)	Balance of Cost of Power Account (at November 30, 2020)	nt			619,913	I T
		Estimated entries to Cost of 1 Account -December 1 - 31, 2020					т
		Diesel Generation		116,000	kwh	10,688	II
		Kilowatt hour sales: 31,30 December 2020 x Forecasted Excess Margins Estimated interruptible sales (including power factor pena:	0.000997 - Prince	ess Cruise	Lines	(31,207) (11,181) (0)	I TRI R
		Estimated Balance - Cost of Po Account (at December 31, 2020)				603,882	TI
	(6)	Total of (1) - (5) above				615,542	ı
	(7)	Estimated Kwh sales (January 1, 2021 - March 31, 2	021)			98,385,584	I T
	(8)	Cost of Power Adjustment (6)/(7) per kilowatt-hour				\$0.006256	I
f.	Cost	of Power Balance Report					
	Acco	Company shall file a report on unt by the 15th day of the month ter. This report shall include	precedin				
	(1) KWH	The unit prices, volumes and t generated by unit;	otal cos	sts of fue	el purch	ased as well as	
			Effec	ctive	anuary 1, 2	2021	_
Tariff	Advice	No. 492-1					
Issued	by	Alaska Electr	ic Light aı	nd Power C	ompany		
	Bv	Yourday C	Title	Chief Finan	cial Office	r	

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RCA N	0. 1	87th	Sheet No.	170		RECEIVED	
		Canceling				MAR 15	
		86th	Sheet No.	_170		2021	/
	Λ	laska Flactria Limbt and Dawer Com			Dogulator	y Commission	
	А	laska Electric Light and Power Com	pany		of Alaska	y Commission	
		Schedule No. 98	3 (Cont	inued)			
	(4)	True-up of Greens Creek Revenu December 1, 2020 - February 2		ce for the	e period		т
		Included in Balance as of Feb	ruary 28,	, 2021, in	item (5)	below	T
	(5)	Balance of Cost of Power Accou (at February 28, 2021)	nt			586,858	R T
		Estimated entries to Cost of Account - March 1 - 31, 2021:					т
		Diesel Generation		0 kwh	0		RR
		March 2021 x 0.0 Forecasted Excess Margins	7,932 kwl			(199,178) (15,802)	I TIR R
		Estimated interruptible sales (including power factor pena		ess Cruise	Lines	(0)	_
		Estimated Balance - Cost of P Account (at March 31, 2021)	ower			371,878	TR
	(6)	Total of (1) - (5) above				429,293	R
	(7)	Estimated Kwh sales (April 1, 2021 - June 30, 2021)		7	4,983,499	R T
	(8)	Cost of Power Adjustment (6)/(7) per kilowatt-hour				\$0.005725	R
f.	Cost	of Power Balance Report					
	Acco	Company shall file a report on out by the 15th day of the month ter. This report shall include	precedi				
	(1) KWH	The unit prices, volumes and generated by unit;	total cos	sts of fue	el purchas	sed as well as	
			Effe	ctiveA	April 1, 2021		_
Tariff A	Advice	No. 496-1					

Alaska Electric Light and Power Company

Title Chief Financial Officer

Issued by

Appendix 1 TA496-1 Page 3 of 3